

reform to make our system fairer, simpler, and more progrowth. I know that has been a passion of Senator WYDEN's for some time. That is what we could use those 2 years to work on.

So I am once again going to ask my colleagues on both sides of the aisle—there are some on this side who want to make all the relief from the 2001, 2003 laws permanent; there are some on the other side of the aisle who want to increase taxes for the top two rates and just extend the tax relief for those making up to \$250,000—let's instead extend the tax relief for everyone right now for 2 more years, remove the uncertainty, encourage businesses to create new jobs, stop penalizing small businesses, do not put a damper on consumer spending at the worst possible time, and then let's use those 2 years productively to rewrite the Tax Code, to make it simpler, fairer, and more progrowth.

I think that is a reasonable plan. Let's abandon any approach of raising taxes at this critical time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

TAX REFORM

Mr. WYDEN. Madam President, before she leaves the floor, let me say to the Senator from Maine that I very much appreciate her thoughtful views. She continually talks about the desire to get folks to come together. I think there are a variety of ways to do it. That is essentially what I was going to outline this afternoon. I just want to assure my good friend from Maine that I am very much looking forward to working with her on this issue and thank her again for her kind remarks.

Madam President and colleagues, I think we have a choice.

We can continue to have this debate at the margins about how to extend a thoroughly discredited, insanely complicated, job-killing system that we have today or we can find a way, as Democrats and President Reagan did back in the 1980s, to come together and put in place a reform system that will create, in my view, millions of good-paying, new jobs, the way Democrats and Republicans in the 1980s came together and created more than 16 million new jobs.

To pick up on this discussion, I think there is a message for Democrats and Republicans together on this issue.

This question of extending the 2001 and 2003 tax legislation has almost become a tax version of "The Emperor Has No Clothes." We all know this story and have read it to our kids. It's about two swindlers spinning a tall tale about magical, invisible cloth. The emperor and his ministers and all of his subjects get so caught up in the story of the magical and invisible cloth that it takes a child to point out what everybody should have seen was obvious: The emperor has no clothes.

The fact is, when we look at extending the 2001–2003 tax laws, what we will

see at the end of the day is from the standpoint of creating good-paying jobs and the opportunity to grow the economy, the emperor really doesn't have any clothes. The numbers don't add up.

When tax policy was partisan between 2001 and 2008, there was only 2.3 percent payroll expansion, 3 million new jobs, and real median income fell by 5 percent. Yet that is what we are hearing on the floor of the Senate ought to be extended.

I say to my good friend from Pennsylvania, his State, as has mine, has been pounded by this economy. How can we explain to our constituents that we are extending a policy that based on the facts, not on political rhetoric, produced such anemic payroll expansion, such a modest number of new jobs, and a loss of real median income. I don't think we can explain it to folks in Pennsylvania and Oregon.

What I do think we can explain that gets us away from this "Emperor Has No Clothes" situation is what happened in the 1980s when a big group of Democrats and Republicans came together and changed the discussion about taxes. Instead of Democrats and Republicans beating up on each other, it became the people against the special interests and, in effect, leading Democrats such as Dick Gephardt and Dan Rostenkowski and others joined with the President to point out the inequities. And we had Democrats then talking about the desire to make sure companies—companies that hire people at good wages—would be in a position to benefit because they would be paying rates that would be competitive in tough global markets.

There are opportunities—because I have been talking to folks in labor and folks in business—to do this. Why don't we take away the tax breaks for shipping jobs overseas and use that money to lower rates for folks who manufacture in the United States, who create good-paying jobs in hard-hit parts of Pennsylvania and Oregon. I would like to see our companies have a new incentive for green manufacturing which many of the companies in Oregon want to do. To do it, why not take away some of those tax breaks you get from what is called tax deferral and foreign tax credits and use that money to create more employment at home? We are not going to be able to do that if we just reup for this discredited, broken, insanely complicated tax system.

Now, I have said to colleagues—and Senator CASEY and a number of us have talked about it—that if it takes some very short-term extension of current law in order to make sure we don't hurt middle-class people and we don't hamper economic growth, I would be willing to look at it. I would be willing to look at that if we use the opportunity to then aggressively pursue bipartisan tax reform; tax reform, for example, that would do something about a Tax Code that nobody likes.

This isn't like the health care issue. I think the Presiding Officer and my

friend from Pennsylvania understand that part of what happened in the health care issue is a lot of folks said: I want to fix health care, I want to contain costs, but I sort of like the health care I have. There isn't anybody on the planet I can find who makes an argument that they like the current Tax Code.

We spend 7.6 billion hours a year to comply with tax law. It costs us almost \$200 billion to comply with our tax laws annually. That is the equivalent of 3.8 million people working full-time just to comply with the Tax Code. At one point in the tax reform discussions, after I got on the Finance Committee, I brought just a portion of the books that contain the provisions of the Tax Code. And there are thousands of pages. In fact, we add thousands of pages every few years. I am 6 feet 4 inches and just a portion of the books are taller than me. The complexity of the code increases exponentially, as Nina Olson, who is the Taxpayer Advocate at the Internal Revenue Service, has pointed out.

So I offer this up—and I know my colleague is waiting to speak—only to say if we are asking the country to choose—and that is why I use this "Emperor Has No Clothes" analogy—between something we know hasn't worked—I would note, for example, that the Wall Street Journal, not exactly hostile to conservatives, pointed out that George W. Bush had "the worst track record on record for job creation."

How do you make the case to the American people, whether you are in Pennsylvania or Oregon or anywhere else, that you want to anchor them to the same discredited tax system that has failed to create jobs for the entire period in which it was in effect?

So I hope as we get into this debate we look at the fact that perhaps we are having the wrong conversation. Perhaps we are having the wrong conversation in just debating extending the 2001–2003 tax provisions—maybe we will extend them for some people and we will not extend them for other people. What we ought to be saying is, look at history. Look at what happened in the 1980s when Democrats and Republicans came together. In fact, back then there was almost a mirror image of what we have now.

Back in the 1980s we had a Republican President and a Republican Senate, and Democrats in the House. So we have today almost a mirror image of that, and we know when they got together in the 1980s that it created millions of new jobs, millions of good-paying jobs. I think we can do that again.

I want to spend 2011 working with my colleagues—the Senator from Pennsylvania, the Senator from New Hampshire, and Senator COLLINS, who gave a very eloquent statement on the advantages of real tax reform—I want to spend the next year working with colleagues on something that shows vastly more promise for creating more

good-paying jobs and economic opportunity than these choices we are talking about on the floor of the Senate that, in my view, literally yoke us to a system that we know is not going to produce jobs.

It would be one thing if the debate was in question; that maybe the numbers from the 1980s were a little ambiguous, and when tax policy was partisan between 2001 and 2008 the numbers were more encouraging. That is not the picture. The picture is crystal clear. When we went at tax reform in a bipartisan way in the 1980s with a Democratic effort in the Congress and a Republican President, big win: 16 million new jobs. When we got partisan with taxes in 2001 and 2008, we just went downhill to truly anemic economic growth. The country deserves better.

I would finally say I think this is exactly the kind of bipartisan work that the country was calling for at this last election. Why not give it to them rather than serve up yet more that is seen as polarizing and divisive when our country is undergoing such economic anguish.

Madam President, I yield the floor.

THE PRESIDING OFFICER. The Senator from Pennsylvania.

MR. CASEY. Madam President, thank you very much. First of all, I wish to commend the remarks our colleague from Oregon made. He has great insight into our Tax Code. I think he has reminded us yet again we have a lot of work to do, and we are grateful for his comments today and his charge to us—that we have a good deal of work in 2011 and even as we wrap up 2010.

EXTENDING UNEMPLOYMENT INSURANCE

MR. CASEY. Madam President, I rise today to talk about unemployment insurance, and I will be brief. At the end of my remarks I will be offering a unanimous consent request.

First of all, I wish to cite a study just released today by the Council of Economic Advisers.

I commend to my colleagues this report entitled “The Economic Impact of Recent Temporary Unemployment Insurance Extensions” dated December 2, a report by the Executive Office of the President and the Council of Economic Advisers.

I ask unanimous consent that the Executive Summary of the report be printed in the RECORD at the conclusion of my remarks.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

MR. CASEY. This report released today had a number of findings: First of all, that the emergency expansion of unemployment insurance programs in 2007 has benefited 40 million people in the United States of America who have either received or lived with a recipient of these programs. This figure includes 10.5 million children.

In line with other studies that have been released, this report by the Coun-

cil of Economic Advisers states that there are 800,000 more jobs and GDP is 0.8 percent higher because of the expansion of unemployment insurance programs. Without reauthorization through 2011, the one we are debating today in the Senate, at this time next year, in December of 2011, there will be 600,000 less jobs and GDP will be 0.6 percent lower. So there are real consequences to the denial of this reauthorization going forward.

To give my colleagues a sense of what that means in a State such as Pennsylvania, without reauthorization of these programs, 353,989 people will lose unemployment insurance coverage by November of 2011. The Pennsylvania economy will be severely impacted without reauthorization. According to the Council of Economic Advisers, there will be 31,228 less jobs in the Commonwealth of Pennsylvania if we do not reauthorize unemployment insurance.

Just to put that in perspective, in the first three quarters of this year, in the midst of a recovery—slow recovery but a recovery nonetheless—our State has gone from losing jobs in 2009 to gaining jobs. In the first three quarters of the year, we have gained roughly 48,000 jobs. Without unemployment insurance, we stand to lose, as I said, more than 31,000 of those jobs.

We know the unemployment rate of 9.6 percent nationally means nearly 15 million people are out of work. If you are opposed to this reauthorization, you have to come up with another answer. You can't just say to 15 million people: Well, we couldn't get it done, or things interfered in Washington.

In our State, fortunately, we are lower than 9.6. We are 8.8, percent. But 8.8 percent in Pennsylvania means that 560,000 people are out of work. It ballooned up to over 590,000 this summer, but fortunately that has been coming down over the last couple of months and, of course, we want to keep it moving in that direction.

Let me just conclude with this thought: For the past six decades, Congress has provided federally funded unemployment insurance benefits. During every recession, the Congress has done that, and thank goodness they did. Finally, without this reauthorization in our State of Pennsylvania, 83,000 Pennsylvanians will exhaust their benefits this month. Of course, across the country, it is some 2 million.

EXHIBIT 1

THE ECONOMIC IMPACT OF RECENT TEMPORARY UNEMPLOYMENT INSURANCE EXTENSIONS EXECUTIVE SUMMARY

Unemployment insurance (UI) provides a safety net for workers who have lost a job through no fault of their own, as long as they continue to search for new employment. During normal economic conditions, firms pay into state insurance systems that replace roughly half of the average individual's lost earnings, up to 26 weeks. However, the federal government historically funds additional weeks of benefits in response to an economic downturn. The benefits allow recipients to continue to support their families while searching for their next job.

In response to the recession that began in December 2007, Congress expanded UI benefits by creating Emergency Unemployment Compensation (EUC) and 100 percent federal funding of Extended Benefits (EB). These programs provide UI benefits after a worker exhausts state benefits, helping when it takes longer to find a job, such as in this severe downturn. These extensions began to expire on November 30, 2010. In this report, the Council of Economic Advisers (CEA) examines the effects of the extensions thus far and the potential impact on the economy if Congress fails to act soon to continue these emergency measures.

As a result of these emergency expansions to UI:

EUC and EB have helped 14 million unemployed workers as of October 2010. As of that date, there were almost 5 million unemployed workers benefiting from these programs each week.

In total, these programs have benefited about 40 million people who have received, or lived with a recipient of, EUC or EB. This total includes 10.5 million children.

If these measures are not extended, the maximum eligibility for benefits in most states will revert to the pre-recessionary level of 26 weeks. The Department of Labor estimates that, relative to a month-long extension, 2 million unemployed workers will lose coverage in December 2010. And, relative to a year-long extension, nearly 7 million unemployed workers in total will lose coverage by November 2011.

Further, EUC and EB make up a substantial portion of household income. Without EUC and EB, the typical household receiving these benefits will see their income fall by a third. In the 42 percent of households where the EUC or EB recipient is the sole wage-earner, 90 percent of income will be lost.

This important income replacement allows individuals that have suffered from job loss to avoid a dramatic drop in their spending levels. Research studies have documented that UI is an extremely effective form of support for the economy relative to other government programs, both in terms of bang-for-the-buck and timeliness. EUC and EB recipients spend their benefit checks, rather than saving them, and a drop in this income will translate into a sizeable drop in aggregate spending.

Specifically, CEA estimates that:

Employment was about 800,000 higher, and the level of GDP 0.8 percent higher, in September 2010 than would have been the case without EUC and EB.

Without an extension, employment would be about 600,000 lower, and GDP 0.6 percent lower, in December 2011 than if a year-long extension were passed.

Previously, Congress continued federal expansions of UI until the economy was much further along the road to recovery. With 10 consecutive months of private sector job growth and half a percentage point drop in the unemployment rate since its peak, the economy is beginning to recover. However, the unemployment rate remains at 9.6 percent and there are still 5 job seekers for every job opening. For the last half-century, Congress has consistently extended UI benefits when economic circumstances substantially increased the difficulty of finding a job. Given the current labor market conditions, failing to continue UI extensions now would be unprecedented.

I. INTRODUCTION

As a form of insurance against job loss, employers pay taxes into state government unemployment systems at rates based, in part, on past usage of the system. State governments then provide weekly payments of \$300, on average, to workers who have lost a